Corruption charges against MD of Oriental Bank of Commerce

4718. SHRI BHAGATRAM MANHAR : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that several senior officials of the banks have been chargesheeted by the CBI recently on corruption charges;

(b) if so, the details thereof;

(c) whether the Chairman and Managing Director of Oriental Bank of Commerce has been appointed with the concurrence of RBI and charges of corruption against him have not been proved or investigated by the CBI; and

(d) if so, whether Government propose to hand over the case to the CBI instead of having the concurrence of RBI, and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) and (b) CBI has reported that it has filed charge sheets in 8 cases against senior officials of banks between 1-1-2002 and 31-3-2003.

(c) and (d) The present Chairman and Managing Director, Oriental Bank of Commerce, Shri B.D. Narang was appointed after following due process including consultation with RBI *w.e.f.* 17th July, 2000. CBI has reported that it has not registered any case against the present CMD, Oriental Bank of Commerce. However, a complaint was received by CBI alleging that he has committed a number of irregularities and made huge money beyond his sources of income. The allegations were verified by CBI and could not be substantiated. The complaint was closed on 19-9-2002.

Daily Collection Scheme of NBFCs

4719 . SHRI RUMANDLA RAAMACHANDRAYYA : Will the Minister of FINANCE be pleased to state :

(a) whether some major non-banking financial companies and residuary non-banking companies have started a scheme of daily collection from the investors;

(b) if so, the name of the companies; and

(c) how these companies have been permitted to adopt the scheme which specifically belong to the banking sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) and (b) Yes, Sir. Reserve Bank of India (RBI) have reported that the following Residuary Non-Banking Companies (RNBCs) and Non-Banking Financial Companies (NBFCs) were/are collecting daily deposits from the investors :—

1. Asra India Savings and Investment Ltd. (RNBC)
2. Sahara India Financial Corporation Ltd. (RNBC)
3. Ennoble India Savings Investment Co. Ltd. (RNBC)
4. Helios Finance and Investment Ltd. (RNBC)
5. Standard Savings and Investment Co. Ltd. (RNBC)
6. Jal Savings and Hire Purchase Co. (India) Ltd. (NBFC)
7. Pancharatna Finance and Investment Ltd. (RNBC)
8. Sayed Shariat Finance Ltd. (NBFC)
9. Brijendra Hire Purchase Finance Ltd. (RNBC)
10. Peerless General Finance and Investment Co. Ltd. (RNBC)
11. Secured Savings and Investment Ltd. (RNBC)
12. Bhonsale Leasing and Finance Co. Pvt. Ltd. (NBFC)

(c) RBI have further reported that the daily deposit and collection schemes have been traditionally in operation, in some cases dating back to early sixties, and were popular in areas which were earlier not adequately served by bank branches. Daily deposit schemes are generally run by RNBCs. The deposit taking activities of these Companies are governed by the provisions of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 issued by the Reserve Bank under the provisions of Chapter IIIB of the RBI Act. There is no prohibition in law for acceptance of daily deposits by these companies. The RNBCs and NBFCs are permitted to accept deposits for a maximum period of 12 months.